

SENATE BILL 2671
By Ramsey

AN ACT to amend Tennessee Code Annotated, Title 12, Chapter 4, relative to state contracts, other than contracts with the department of transportation.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 12-4-119(c), is amended by deleting the subsection in its entirety, and by substituting instead the following language:

(c)

(1) Except for personal injury or death, total liability of a contractor, whether for breach of contract, warranty, negligence, strict liability in tort or otherwise, shall be limited to the direct damages recoverable under law, but not to exceed two times (2x) the contract value. Neither the contractor nor the state shall be liable to the other party for incidental or consequential damages. Notwithstanding any provision of this subsection to the contrary, any provision or provisions of this subsection shall not apply to the extent it is determined by a court of competent jurisdiction, including appellate review if pursued, to violate the law or Constitution of Tennessee; provided, that a contractor does not warrant that the execution of a contract, or its delivery or performance, complies in any way with such laws as the same may govern limitation of liability agreements.

(2) Notwithstanding the provisions of subdivision (1), the commissioner is authorized to negotiate a lower limitation of liability provision, if in the commissioner's discretion, the contract or purchase is of such a size or quantity as to make such negotiation necessary to obtain a competitive bid.

(3) This subsection shall not apply to contracts entered into by the
department of transportation.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring
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